

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

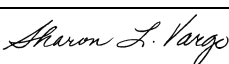
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature 	Printed Name		License Number	

Bridgman Public Library

**Financial Report
with Supplemental Information
June 30, 2007**

Bridgman Public Library

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Independent Auditor's Report

To the Bridgman Public Library Board
Bridgman, Michigan

We have audited the financial statements of the governmental activities and the major governmental fund of Bridgman Public Library as of and for the year ended June 30, 2007, which collectively comprise Bridgman Public Library's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of Bridgman Public Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Bridgman Public Library as of June 30, 2007 and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedule, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Plante & Moran, PLLC

November 30, 2007

Using this Annual Report

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplemental information. The basic financial statements include information that presents two different views of Bridgman Public Library (the "Library"):

- The first column of the financial statements includes information on Bridgman Public Library's General Fund under the modified accrual method. These fund financial statements focus on current financial resources and provide a more detailed view about the accountability of Bridgman Public Library's sources and uses of funds.
- The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full-accrual method.
- The government-wide financial statement column provides both long-term and short-term information about Bridgman Public Library's overall financial status. The statement of net assets and statement of activities provide information about the activities of Bridgman Public Library as a whole and present a longer-term view of the Library's finances. These statements tell how these services were financed in the short term as well as what remains for future spending.
- The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The required supplemental information section follows the basic financial statements and further explains and supports the information in the financial statements.

Bridgman Public Library

Management's Discussion and Analysis (Continued)

Condensed Financial Information

The Library's net assets increased by \$792,599 during fiscal 2007, ending the year at \$2,608,974. The table below shows the composition of the Library's net assets at June 30, 2007 and 2006.

	June 30		Increase
	2007	2006	(Decrease)
Assets			
Current assets	\$ 1,063,410	\$ 268,177	\$ 795,233
Capital assets	1,556,842	1,620,828	(63,986)
Total assets	2,620,252	1,889,005	731,247
Liabilities - Current liabilities	11,278	72,630	(61,352)
Net Assets			
Investment in general capital assets	1,556,842	1,620,828	(63,986)
Restricted for future endowment	41,849	7,500	34,349
Unrestricted	1,010,283	188,047	822,236
Total net assets	<u>\$ 2,608,974</u>	<u>\$ 1,816,375</u>	<u>\$ 792,599</u>

The table below is a two-year comparison of the revenues and expenditures of the Library. For the year ended June 30, 2007, revenues on the full accrual method of accounting exceeded expenses by \$792,599. For the year ended June 30, 2006, expenses exceeded revenues by \$57,716.

	Year Ended June 30		Increase
	2007	2006	(Decrease)
Revenue			
Property tax	\$ 170,679	\$ 165,736	\$ 4,943
Penal fines	57,249	55,213	2,036
Lake Township contract	68,361	67,600	761
Contributions	775,344	13,173	762,171
Other	127,490	28,620	98,870
Total revenue	1,199,123	330,342	868,781
Expenses - Library services			
Personnel	167,391	146,714	20,677
Depreciation	132,431	142,943	(10,512)
Other	106,702	98,401	8,301
Total expenses	406,524	388,058	18,466
Excess of Revenue Over (Under) Expenses	<u>\$ 792,599</u>	<u>\$ (57,716)</u>	<u>\$ 850,315</u>

Bridgman Public Library

Management's Discussion and Analysis (Continued)

Bridgman Public Library as a Whole

- Bridgman Public Library's net assets increased this year.
- Bridgman Public Library's primary source of revenue in the current year was donations which accounted for 65 percent of total revenue due to a large contribution of \$765,000 during the year. The remaining revenue sources include property taxes, which represent 14 percent of total revenue; a contract with Lake Charter Township, which represents 6 percent of total revenue; Library fines (including penal fines), which represent 5 percent of total revenue; and from other miscellaneous sources, which represent 10 percent of total revenue. Penal fines are unpredictable and vary yearly depending on police activity and court costs.
- Personnel expenses are a significant cost to Bridgman Public Library, representing 41 percent of total expenditures. This year, expenses for salaries increased approximately \$21,000, due to an increase in hourly wages and additional staffing. However, actual personnel expenses were approximately \$14,000 lower than the budgeted amount.
- Bridgman Public Library received donations of \$773,344 during the year.

Library Budgetary Highlights

The Library had two significant budget overruns in 2007. They were as follows:

	Budget	Actual	Overrun
Supplies	\$ 15,000	\$ 22,459	\$ 7,459
Repairs and maintenance	18,000	26,368	8,368

The following are management's explanations for the budget overruns:

- Supplies: The budget for supplies is based on the previous year's expenses. Library management continues to determine the needs of the Library. We continue to see an increase in patron use of the copy machine, fax machine, and patron computers/printers, generating additional expense for the cost of maintaining these items and supplying the service. Additionally, library program attendance has increased considerably, with an increase in costs for supplies, such as photo supplies for printing pictures and supplies for crafts. The amount paid to Aramark Uniform Services increased as well, due to the increased number and improved quality of the replacement rugs used at the front entry, inside entry, circulation desk, and staff entry. Also, we are continuing to purchase items needed for the smooth administration of the library duties, such as book carts and printing supplies, and for the use of our patrons, such as shelving displays.

Bridgman Public Library

Management's Discussion and Analysis (Continued)

Repairs and maintenance: Expenses in this category were \$8,368 over budget. Inside cleaning expenses have remained stable for the past year, but an increase in cleaning supplies was noted. Outside maintenance expenses from The Caretakers (\$7,700) increased significantly due to the snow plowing expenses during the winter months. Other significant expenses were Murphy Masonry (\$8,000), to repair the stone wall; Ibid County Electric (\$3,073), to replace the upper light bulbs and install lighting by the copy center; and Superior Lamp (\$1,152), for replacement bulbs.

Capital Assets and Debt Administration

At the end of the fiscal year, Bridgman Public Library had approximately \$1.57 million invested in land, building, furnishings, equipment, books, and materials. During the fiscal year, purchases of a new work station and digital camera were made by the Friends of the Library. The Library added books and materials at a cost of \$25,978.

Bridgman Public Library's debt rating is excellent. No debt was issued during this fiscal year.

Future Operating Plans

The library board is always evaluating the budget to watch the ratio of expense to income.

The Library has a solid relationship with Lake Charter Township and a current contract that pays the Library 1/10 of 1 mill annually. This expires in December 2007. The library board is working with the Township to encourage renewal of this contract.

Additionally, the millage from the City of Bridgman is in good standing. The Library currently has a millage voted in perpetuity and a five-year millage which was renewed in November 2007 and extends through November 2012.

Future needs for the Library include furnishings for the teen and children areas and materials (such as books, periodicals, audio and video cassettes). Other considerations are maintenance of the outside and inside of the Library, maintenance of the patron and staff computers, and continued staff development.

On November 27, 2007, the Library Board purchased property adjacent to the Library for \$310,000. This property consists of three lots, totaling 325 feet of street frontage. This property was purchased with the intent to increase parking available for library patrons, as well as to provide "green" space. Plans for the improvement and renovation to the current parking area will begin in the spring of 2008.

Bridgman Public Library

Management's Discussion and Analysis (Continued)

Contacting the Library's Management

This financial report is designed to provide a general overview of the Library's finances and accountability of the public trust. Questions regarding any of the information provided in this report or requests for additional information should be addressed to the library director, Bridgman Public Library, 4460 Lake Street, Bridgman, MI 49106.

Bridgman Public Library

Governmental Fund Balance Sheet/Statement of Net Assets June 30, 2007

	General Fund - Modified Accrual Basis	Adjustments (Note 2)	Statement of Net Assets - Full Accrual
Assets			
Cash and cash equivalents (Note 4)	\$ 1,011,561	\$ -	\$ 1,011,561
Other receivables	10,000	-	10,000
Beneficial interest in assets held by Community Foundation (Note 5)	41,849	-	41,849
Capital assets (Note 6)	<u>-</u>	<u>1,556,842</u>	<u>1,556,842</u>
Total assets	<u>\$ 1,063,410</u>	<u>\$ 1,556,842</u>	2,620,252
Liabilities - Accounts payable and other liabilities	\$ 11,278	\$ -	11,278
Fund Balance/Net Assets			
Fund balance:			
Reserved for Community Foundation endowment	41,849	(41,849)	-
Unreserved - Undesignated	<u>1,010,283</u>	<u>(1,010,283)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,063,410</u>	<u>\$ (1,052,132)</u>	11,278
Net Assets			
Invested in capital assets - Net of debt		\$ 1,556,842	1,556,842
Restricted for Community Foundation endowment		41,849	41,849
Unrestricted		<u>1,010,283</u>	<u>1,010,283</u>
Total net assets		<u>\$ 2,608,974</u>	<u>\$ 2,608,974</u>

Bridgman Public Library

Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities Year Ended June 30, 2007

	General Fund - Modified Accrual Basis	Adjustments (Note 2)	Statement of Activities - Full Accrual
Revenue			
State sources	\$ 4,234	\$ -	\$ 4,234
Investment income	48,545	-	48,545
Property tax	170,679	-	170,679
Penal fines	57,249	-	57,249
Lake Township contract	68,361	-	68,361
Contributions	773,433	-	773,433
Capital contributions	-	1,911	1,911
Other	74,711	-	74,711
Total revenue	1,197,212	1,911	1,199,123
Expenditures			
Personnel	167,391	-	167,391
Supplies	22,459	-	22,459
Professional services and dues	15,382	-	15,382
Community promotion	10,985	-	10,985
Insurance and bonds	6,521	-	6,521
Public utilities	15,365	-	15,365
Repairs and maintenance	26,368	-	26,368
Audiovisual, books, and periodicals	25,978	(25,978)	-
Capital expenditures	40,556	(40,556)	-
Miscellaneous	9,622	-	9,622
Depreciation	-	132,431	132,431
Total expenditures	340,627	65,897	406,524
Excess of Revenue Over Expenditures	856,585	(63,986)	792,599
Fund Balance/Net Assets - July 1, 2006	195,547	1,620,828	1,816,375
Fund Balance/Net Assets - June 30, 2007	<u>\$ 1,052,132</u>	<u>\$ 1,556,842</u>	<u>\$ 2,608,974</u>

Note I - Nature of Organization and Summary of Significant Accounting Policies

Bridgman Public Library (the "Library") is located in the City of Bridgman, Michigan and is governed by an appointed board. The Library is primarily funded through a tax levy, fines and fees, and charitable donations. Revenue is used to operate and staff the Library. The accompanying basic financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on the significance of any operational or financial relationships with the Library, there are no component units to be included in these financial statements.

The accounting policies of the Library conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds).

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations.

Note I - Nature of Organization and Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences are recorded only when payment is due.

Property Tax Revenue

Property taxes are levied on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Library's 2006 ad valorem tax is levied and collectible on July 1, 2006 and is recognized as revenue in the year ended June 30, 2007, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2006 taxable valuation of the Library district totaled \$100,813,699, on which ad valorem taxes levied consisted of 1.71 mills for operating purposes. This resulted in tax revenues of approximately \$172,000 for operating purposes, which are recognized in the General Fund.

Assets, Liabilities, and Net Assets

Bank Deposits and Investments - The Library considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Capital Assets - Capital assets are defined by the Library as assets with an initial cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repair and maintenance are expensed as incurred.

Bridgman Public Library

Notes to Financial Statements June 30, 2007

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (Continued)

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 years
Furniture and equipment	10 years
Library books - Reference	10 years
Periodicals and videos	5 years
Library books - Hard cover	5 years
Library books - Soft cover	3 years

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Other accounting policies are disclosed in other notes to the financial statements.

Note 2 - Reconciliation of Government-wide and Fund Financial Statements

The General Fund's fund balance and the net change in fund balance differ from net assets and change in net assets reported in the statement of net assets and statement of activities. This difference results primarily from the long-term economic focus of the statement of net assets and statement of activities versus the economic focus of the statement of the governmental fund balance sheet and statement of revenue, expenditures, and changes in fund balance. The following is a reconciliation of fund balance to net assets and the net change in fund balance to the net change in net assets:

Total Fund Balance - Modified accrual basis	\$ 1,052,132
Amounts reported in the statement of net assets are different because capital assets are not financial resources and are not reported in the funds	<u>1,556,842</u>
Total Net Assets - Full accrual basis	<u><u>\$ 2,608,974</u></u>

Bridgman Public Library

Notes to Financial Statements June 30, 2007

Note 2 - Reconciliation of Government-wide and Fund Financial Statements (Continued)

Net Change in Fund Balances - Modified accrual basis \$ 856,585

Amounts reported in the statement of activities are different because:

Governmental funds report capital outlays as expenditures in the statement of activities; these costs are allocated over their estimated useful lives as depreciation:

Library books, material, and equipment	66,534
Depreciation	(132,431)

Governmental funds do not report revenue and expenditures from donated capital assets in the statement of activities

1,911

Change in Net Assets of Governmental Activities - Full accrual basis

\$ 792,599

Note 3 - Budget Information

The annual budget is prepared by the budget committee and adopted by the library board in July of each year. Subsequent amendments are made in a legally permissible manner and approved by the library board periodically throughout the year. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2007 has not been calculated. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget has been adopted on a line-item basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the General Fund budget can be found in the required supplemental information.

Bridgman Public Library

Notes to Financial Statements June 30, 2007

Note 3 - Budget Information (Continued)

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Library incurred significant expenditures that were in excess of the amounts budgeted, as follows:

	Budget	Actual	Overrun
Supplies	\$ 15,000	\$ 22,459	\$ 7,459
Repairs and maintenance	18,000	26,368	8,368

Note 4 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Library has designated three banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in mutual funds and investment pools investing only in bonds and securities of the United States government, bank accounts, and CDs, but not the remainder of state statutory authority as listed above. The Library's deposits and investment policies are in accordance with statutory authority.

Bridgman Public Library

Notes to Financial Statements June 30, 2007

Note 4 - Deposits and Investments (Continued)

The Library's cash and investments are subject to custodial credit risk of bank deposits, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library does not have a deposit policy for custodial credit risk. At year end, the Library had \$926,667 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The Library believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Library evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 5 - Assets Held at Community Foundation

The Library transferred \$39,500 to an endowment fund that is administered by Berrien Community Foundation (BCF) for the benefit of the Library. BCF is a public charity that is funded through donations by a large number of contributors. Although the Library does not control the fund at BCF because BCF maintains variance power and legal ownership by agreement, the purpose of the fund is to provide support and furtherance of specific programs and activities of Bridgman Public Library. The Library has recorded this fund in this financial report. An asset has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be received by the Library.

A summary of changes in assets held at BCF is as follows:

Balance - July 1, 2006	\$ -
Contributions	39,500
Distributions	-
Investment earnings	<u>2,349</u>
Balance - June 30, 2007	<u><u>\$ 41,849</u></u>

Bridgman Public Library

Notes to Financial Statements June 30, 2007

Note 6 - Capital Assets

Capital asset activity of the Library's governmental activities was as follows:

	Balance July 1, 2006	Additions	Balance June 30, 2007
Governmental Activities			
Capital assets not being depreciated -			
Land	\$ 23,750	\$ -	\$ 23,750
Capital assets being depreciated:			
Building	1,614,718	20,402	1,635,120
Furniture and equipment	291,671	22,065	313,736
Library books, periodicals, and videos	759,549	25,978	785,527
Subtotal	2,665,938	68,445	2,734,383
Less accumulated depreciation	(1,068,860)	(132,431)	(1,201,291)
Net capital assets being depreciated	1,597,078	(63,986)	1,533,092
Net capital assets	\$ 1,620,828	\$ (63,986)	\$ 1,556,842

Note 7 - Risk Management

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provide to employees. The Library has purchased commercial insurance for general liability, workers' compensation, and medical benefit claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 - Subsequent Events

In November 2007, the Library purchased property with a fair market value of \$800,000 for \$310,000 out of existing funds for future parking lot expansion. The difference between the fair market value and the selling price was a contribution from the seller.

Required Supplemental Information

Bridgman Public Library

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State sources	\$ 5,000	\$ 5,000	\$ 4,234	\$ (766)
Investment income	3,000	47,721	48,545	824
Property tax	175,894	175,894	170,679	(5,215)
Penal fines	50,000	50,000	57,249	7,249
Lake Township contract	68,312	68,312	68,361	49
Contributions	2,100	2,100	773,433	771,333
Other	10,000	10,000	74,711	64,711
Total revenue	314,306	359,027	1,197,212	838,185
Expenditures				
Personnel	181,753	181,753	167,391	(14,362)
Supplies	15,000	15,000	22,459	7,459
Professional services and dues	12,000	12,000	15,382	3,382
Community promotion	13,000	13,000	10,985	(2,015)
Insurance and bonds	9,700	9,700	6,521	(3,179)
Public utilities	18,000	18,000	15,365	(2,635)
Repairs and maintenance	18,000	18,000	26,368	8,368
Audiovisual, books, and periodicals	30,320	30,320	25,978	(4,342)
Capital expenditures	5,033	41,004	40,556	(448)
Miscellaneous	11,500	20,250	9,622	(10,628)
Total expenditures	314,306	359,027	340,627	(18,400)
Excess of Revenue Over Expenditures	-	-	856,585	856,585
Fund Balance - July 1, 2006	195,547	195,547	195,547	-
Fund Balance - June 30, 2007	<u>\$ 195,547</u>	<u>\$ 195,547</u>	<u>\$ 1,052,132</u>	<u>\$ 856,585</u>

November 30, 2007

To the Board of Directors
Bridgman Public Library
Bridgman, Michigan

Dear Board Members:

In planning and performing our audit of the financial statements of Bridgman Public Library (the "Library") as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Library's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency to be a significant deficiency in internal control.

Bank Reconciliations

During our testing of the bank reconciliation process, it was noted that the ending book balance on the bank reconciliation did not match the cash balance recorded in the general ledger in some cases. Due to the internal control weakness caused by segregation of duties issues related to the cash receipt process, the importance of the bank reconciliation process is increased. We recommend a more focused bank reconciliation process in the future.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness.

Journal Entries Identified During Audit

Certain adjustments were identified by Plante & Moran during the audit and recorded as adjusting entries. The Library did not record multiple adjustments from the fiscal 2004, 2005, and 2006 audits and thus had an incorrect fund balance throughout the current year.

Other Matters

We also offer the following comments, which are informational in nature:

Statements on Auditing Standards Nos. 104 to 111 - The Risk Assessment Standards

The AICPA issued Statements on Auditing Standards (SAS 104 to SAS 111) which will substantially affect the auditing process. The effective date for your audits will be for the audit of the financial statements for the year ending June 30, 2008. These standards essentially redefine the audit process from start to finish and the ramifications for the audit process are substantial.

The new standards primarily require:

- The auditor to obtain a deeper understanding of (1) the Library and its internal control, for the purpose of identifying the risks of material misstatement in the financial statements, and (2) what the Library is doing to mitigate those risks
- A more rigorous assessment of the risks of material misstatement based on that understanding, with additional emphasis on significant risks that call for special audit consideration
- A clearer linkage between the assessed risks and the audit procedures performed, including tests of controls and substantive tests, in response to those risks

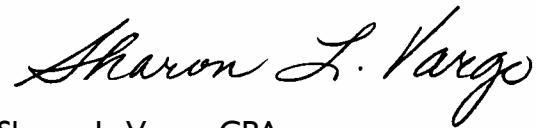
We have invested substantial resources into the redesign of our audit process to conform to these requirements. Our ultimate goal, as in the past, is to provide a quality audit, in full conformance with the requirements, which is tailored to the unique environment for Michigan municipals. As a result, our 2008 audit process will have many new features and elements built in. We will work with you to understand the elements, involve you in the information gathering process, and perform audit tests focused on the risks embedded in the Library's financial statements. To provide you with as much lead time as possible in the data gathering process, we will review the information needs and provide the necessary tools in the next several months.

We thank the Library's staff for their preparation and assistance during this year's audit. We greatly appreciate the courtesy and cooperation extended to us by you and the members of your organization.

This communication is intended solely for the information and use of management, the Library Commission, and others within the Library and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink that reads "Sharon L. Vargo". The signature is written in a cursive, flowing style.

Sharon L. Vargo, CPA
Partner